

Advanced Academic Programs  
Financial Economics, Summer 2017  
T 6:00 - 8:45 PM

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## 1 Preliminaries

### 1.1 Note

I am in the process of revising the course syllabus and will post an updated version before first class.

### 1.2 Course Objective

This course is designed to introduce students to key topics in financial economics: the fundamentals of modern financial analysis and their applications to business challenges in capital budgeting, project evaluation, corporate investment and financing decisions, and basic security analysis and investment management. The fundamental concepts include valuation of basic financial instruments such as stocks and bonds, as well as to more complicated derivative securities, such as futures and options, portfolio theory, the capital structure of the firm, payout policy, and risk management.

Prerequisite: 440.601 Microeconomic Theory; Corequisite: 440.606 Econometrics.

### 1.3 Textbook

You can use previous editions.)  
Corporate Finance, 4th Edition  
Jonathan Berk and Peter DeMarzo

### 1.4 Grading

Students will be assessed on the basis of midterm (40%), assignments and participation (20%), and a final exam (40%).

## 2 University Policies

### 2.1 General

This course adheres to all university policies described in the academic catalog.

### 2.1.1 Students with Disabilities

Johns Hopkins University is committed to providing reasonable and appropriate accommodations to students with disabilities. Students with documented disabilities should contact the coordinator listed on the Disability Accommodations page. Further information and a link to the Student Request for Accommodation form can also be found on the Disability Accommodations page [<http://advanced.jhu.edu/current-students/current-students-resources/disability-accommodations/>].

## 2.2 Ethics and Plagiarism

JHU Ethics Statement: The strength of the university depends on academic and personal integrity. In this course, you must be honest and truthful. Ethical violations include cheating on exams, plagiarism, reuse of assignments, improper use of the Internet and electronic devices, unauthorized collaboration, alteration of graded assignments, forgery and falsification, lying, facilitating academic dishonesty, and unfair competition. Report any violations you witness to the instructor. Read and adhere to JHU's Notice on Plagiarism [<http://advanced.jhu.edu/current-students/policies/notice-on-plagiarism-2/>].

## 2.3 Dropping the Course

You are responsible for understanding the university's policies and procedures regarding withdrawing from courses found in the current catalog. You should be aware of the current deadlines according to the Academic Calendar [<http://advanced.jhu.edu/current-students/academic-calendar/>].

## 2.4 Getting Help

You have a variety of methods to get help on Blackboard. Please consult the help listed in the "Blackboard Help" link for important information. If you encounter technical difficulty in completing or submitting any online assessment, please immediately contact the designated help desk listed on the AAP online support page. Also, contact your instructor at the email address listed atop this syllabus.

# 3 Calendar

While the mid-term and the final exam dates are generally fixed, our schedule is subject to change. Based on class interest and time spent on certain topics we may reallocate time to some topics and away from others.

May 16 : Introduction, Time value of money [Chap. 4, 5]  
May 23 : Valuations of stocks and bonds [Chap. 6, 9]  
May 30 : Investment decision rule [Chap. 7]  
June 6 : Introduction to risk and return, portfolio theory [Chap. 10, 11]  
June 13: Asset pricing 1 [Chap. 11, 12]  
June 20: Asset pricing 2 [Chap. 11, 12, 13]  
June 27 : Introduction to capital structure and theory of firms [Chap. 14, 15]  
July 11 : Midterm  
July 18: Capital structure 1 [Chap. 14, 15, 16]  
July 25: Capital Structure 2, Introduction to options [Chap. 16, 17, 20]  
Aug 1: Option valuations 1 [Chap. 20, 21]  
Aug 8 : Option valuations 2, Course review [Chap. 22]  
Aug 15 : Final Exam